for integrity and promptitude in fulfilling any obligation he may assume.

But the dearness (or a high rate of interest) and the cheapness (or a low rate of interest) of money are merely relative terms, and imply a standard of comparison by which the value at any period is to be measured, or their employment would be meaningless. Money, then, is reckoned dear or cheap at any time when, compared with the value (or rate of interest) at another specified time, the price required for its service has increased or become lower. We may thus employ as the standard th^ value current yesterday or at some earlier date, or the- average rate which has been charged over such a number of weeks or months or years, as may be selected to be the unit of comparison.

So far as the prices of Stock Exchange investments are concerned the effect of dear money (an increased rate of interest) is largely, though not entirely, related to the volume of speculation then existent in stocks and shares. Speculation, as distinguished from investment, is the difference between buying simply for the purpose of selling at a profit, and buying for the purpose of acquiring and retaining a permanent source of income. Speculation is conducted by the use of borrowed money: as the rate of interest charged upon it increases, or money grows dear, the original benefit to the speculator, in the excess of the return derived from the purchased security and the interest be pays upon the loan, gradually diminishes, until the point is reached when the two coincide and profit ceases, and finally the lower point when the first condition is reversed, and the rate of interest surpasses the rate of return. The speculator's capacity to sustain this heavier burden, from account to account, in the hope of more propitious times, sooner or later reaches its limit of endurance; the bargain must then be closed by the sale of the purchased stock, and its general market value in consequence falls. Banks and other lenders, who have advanced the money with which the stocks have been purchased, call in their loans at such a

crisis, and the securities are sold to discharge the debts. The price will stand in inverse ratio to the volume of sales, and speculative sales, conveying apprehension to the public who rarely